

Honeywell
P.O. Box 1053
Morristown, NJ 07962-1053

March 19, 2007

Via Email and Facsimile Transmission

The Honorable John D. Dingell
Chairman
Committee on Energy and Commerce

The Honorable Rick Boucher
Chairman
Subcommittee on Energy and Air Quality
Room 2125 Rayburn House Office Building
Washington, D.C. 20515

Gentlemen:

I write on behalf of Honeywell Fluorine Products in response to your letter dated February 27, 2007 to Mr. Jack Gerard, President and CEO, American Chemistry Council (ACC), in which you invite members of the ACC to set forth their views on issues pertaining to climate change policy. Honeywell is a manufacturer of fluorine-based refrigerants and foam insulation blowing agents containing hydrofluorocarbons (HFCs). As such, Honeywell is keenly aware that any legislation enacted to reduce our nation's emissions of greenhouse gases (GHGs) may materially affect HFC manufacturers such as ourselves. We would therefore welcome the opportunity to participate in a dialogue with the Committee and its Subcommittee on Energy and Air Quality on appropriate policies to address global climate change.

Honeywell and the other major US-manufacturers of refrigerants and blowing agents have participated for many years in successful Title VI Clean Air Act programs enacted under the aegis of the Montreal Protocol and managed by the Environmental Protection Agency. These programs, designed to address ozone depletion, can serve as useful models to legislators and regulators as they address global climate change. Honeywell would be pleased to contribute our expertise and perspective as participants in these programs to the legislative and regulatory work at hand. Our technological leadership in the development of low global warming refrigerants and blowing agents also makes us uniquely qualified to engage with the Committee on global climate change legislation.

It is Honeywell's belief that any successful regulation to address global climate change should be focused on achieving two goals: limiting upstream supply (i.e., production and importation) rather than eliminating downstream applications; and encouraging HFC applications where such applications offer lower lifecycle energy consumption or safety enhancements. Such a legislative and regulatory scheme would address justified concerns that as the use of ozone-depleting hydrochlorofluorocarbons (HCFC's) are reduced pursuant to regulations implemented under the Clean Air Act, emissions of HFCs could increase. Upstream limits on

production are the most economically efficient means of limiting emissive uses of HFCs and would allow the market-place to determine the uses of the remaining HFCs which have the highest societal value. We would anticipate that an upstream program would allow the market to eliminate frivolous uses of HFCs while at the same time encouraging effective conservation, recycle, and recovery programs. Future regulations also need to be sensitive to the fact that certain applications of HFCs actually reduce GHG emissions because over the lifetime of the application's use less energy is required. Applications which reduce net GHG emissions should be encouraged.

I note that several of the bills now before Congress include HFCs and other "F-gases" within a market-based cap and trade system together with CO₂ and other GHGs. Yet, none of the bills introduced so far includes a regulatory regime similar to that used to control stratospheric ozone-depleting gases in Title VI of the current Clean Air Act. We would urge your Committee to consider the two options carefully before taking a position in any proposed legislation.

The timing for a legislative and regulatory scheme that controls upstream supply of HFCs is propitious. Honeywell anticipates that without legislation, countries which lack any controls on the production of GHGs such as HFCs can be expected to expand production into the most emissive applications of HFCs in the near future. A flood of imports would create an incentive for U.S. and other developed-world countries to expand emissive uses. Honeywell would like to ensure that emissive uses of HFCs in the United States do not grow as a proportion of our country's aggregate GHG emissions.

Please do not hesitate to contact me at 973-455-5478 (terrence.hahn@honeywell.com) with any questions or comments concerning our submission.

Sincerely,

A handwritten signature in dark ink, appearing to read "Terrence Hahn", written in a cursive style.

Terrence Hahn
Vice President-General Manager
Honeywell Fluorine Products